

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO 2031413 BY
RANALD MacDONALD AND JOSEPH WILLIAM SENIOR
TO REGISTER A MARK IN CLASS 33**

AND

**IN THE MATTER OF OPPOSITION THERETO UNDER
NO 45804 BY JOSEPH WILLIAM SENIOR**

TRADE MARKS ACT 1994

5 **IN THE MATTER OF Application No 2031413 by**
Ranald MacDonald and Joseph William Senior
to register a mark in Class 33

and

10 **IN THE MATTER OF Opposition thereto under**
No 45804 by Joseph William Senior

15 **DECISION**

On 23 April 1995 Ranald MacDonald and Joseph Senior applied to register the following
mark for a specification of goods which reads "Five year old 40% volume Scotch whisky":

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The application is numbered 2031413.

On 1 November 1996 Joseph William Senior filed notice of opposition to this application. At the time of filing the opposition it appears that Mr Senior was not professionally represented and the grounds do not indicate the Section of the Act on which the opposition is based. He does, however, say that he, Mr Senior, is the sole creator of the trade mark and the application has been made in joint names without his prior knowledge or agreement. He adds that he created and used the trade mark several years prior to his association with Ranald MacDonald, an association that has since been terminated. There is a suggestion later in the evidence that Mr Senior claims an “earlier right” but as will no doubt be clear this is essentially a disagreement between two former partners in business. In essence, therefore, Mr Senior’s opposition is based on the claim that the application was made in bad faith. This goes to Section 3(6) of the Act. The relief sought by Mr Senior is either refusal or the removal of Mr MacDonald’s name from the application.

Mr MacDonald filed a counterstatement setting out his view of the matter and making a number of counter-claims. He, in turn, asks for Mr Senior’s name to be removed from the application.

Both individuals filed evidence in these proceedings. Neither side has requested a hearing in the matter. Acting on behalf of the Registrar and after a careful study of the papers I now give this decision.

Opponents’ evidence (Rule 13(3))

Mr Senior filed an affidavit dated 6 August 1997. He says he began trading as an individual using the name INDEPENDENCE in association with the marketing of whisky around the beginning of 1991. In support of this he exhibits the following:

- WJS1 - a copy of a photograph by White House Studios in 1992 showing the label
- WJS2 - a letter from White House Studios confirming the date on which the photograph was taken as being on or around 23 November 1992
- WJS3 - a copy of a letter from Gordon Morrison & Co confirming that they have supplied Mr Senior with whisky since October 1991
- WJS4 - a letter from Dennis Virtue Printers confirming that they have supplied Mr Senior with labels for Independence whisky since October 1991
- WJS5 - a letter from a firm of solicitors confirming that they were supplied with a bottle of INDEPENDENCE whisky in approximately December 1992
- WJS6 - a copy of an advertisement placed in Snapshot, the SNP members’ magazine

WJS7 - a copy of a letter form the Scottish National Party confirming that Mr Senior has advertised frequently in their magazine.

Turning to his business relationship with Mr MacDonald, Mr Senior says

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“Some 4 years after that I had been using the trade mark, in March 1995, I first met with Mr Ranald MacDonald. I had not known Mr MacDonald very long before we decided that we should go into business together. We set up a limited company called “Independence Whisky Company Limited”, No. 157651, on 25 April 1995 in which we each held a 50% stake and were both appointed Directors. I was anxious to retain my rights of ownership of the INDEPENDENCE trademark. I discussed with Mr MacDonald the possibility of applying to have the label registered as a trademark, at meetings between April and June 1995. I did not wish to make an application if it would prejudice my existing rights to the mark. There was never any question of an application being made in the company’s name because of my position. I refer to the letter from Peter Trainer to Mr MacDonald of 15 January 1997 accompanying Mr MacDonald’s counter-statement to the Patent Office, in which Mr Trainer states that it was agreed between myself and Mr MacDonald that the trademark application should be made in both our names as individuals. Whilst I recollect these meetings took place, I did not confirm at them that the application should proceed in joint names and always made it clear that it should not be assigned to the company and that I regarded it as continuing to be my property. I only appreciated that the current application to register it in the Trade Marks Registry was in fact made jointly in the names of myself and Mr MacDonald in October 1996, when I was conducting a search on the name INDEPENDENCE for the purposes of setting up a new company. It was then I was made aware of the published application. I had been aware that an application had been made following those meetings in 1995 but assumed, firstly, that it would be in my name alone and secondly, when we were told of a difficulty with another similar registered mark, that it would not be able to proceed. I note also that the address for service which was given in the application by Mr MacDonald was Mr MacDonald’s own home address at 122 Lauriston Place, Edinburgh. The label for the purposes of registration application was revised slightly in that the colour of the lion was changed from yellow to red and the name “Independence Whisky Co, Edinburgh, Scotland” and the company’s register number 157651 was added to the label.

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The proposed business relationship between myself and Mr MacDonald did not work out and I parted company with him at the end of April 1996. After that I had no further dealings with him. I have continued to trade since then using the INDEPENDENCE name and the slightly revised label, selling whisky supplied by Gordon Morrison & Co Limited.”

Evidence in support of the application (Rule 13(5))

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Three statutory declarations have been filed in support of Mr MacDonald’s position. The first dated 3 November 1997 comes from Mr MacDonald himself. He too describes the

history of the relationship between the two parties. To the extent that there is common ground in relation to the circumstances surrounding their business dealings I do not need to repeat it here. Mr MacDonald does, however, refer to discussions relating to a re-design of Mr Senior's original label. I will deal with this in the decision itself. He describes subsequent developments in the following terms:

“Thereafter we consulted Peter Trainer of “Peter Trainer Company Services”, 27 Lauriston Street, Edinburgh (see affidavit by Peter Trainer) and a number of meetings took place between Peter Trainer, Mr Senior and myself. We instructed Peter Trainer to form the company “Independence Whisky Co. Ltd” for us and to take steps to have the new label (production IB) registered in the Trade Marks Registry. Peter Trainer then incorporated the Company on our behalf on 25 April 1995 under registered No SC 157651 and instructed his London agents, Eurolife Company Services Ltd to make application to register the company's label as a registered Trade Mark (production No 3). It is my recollection that the application to form the company and the application to register the label as a Trade Mark were meant to go ahead at one and the same time and that the application to the Patent Office required to be made in our joint names, rather than that of the company, because the company had not yet been formed. However, the application to register the label was dated 22 August 1995 because of delays occasioned by the necessary reprinting of the label in the form Mr Senior and I had agreed for the company. The Company Accountants, Messrs Charles Burrows & Co confirm that Mr Senior and I paid equal shares of the costs of:-

- a) the formation of the Company (£119)
- b) the initial Trade Mark Search (£50)
- c) the printing of the initial supply of labels (£304.33) (production 4A).”

Mr MacDonald goes on to comment in some detail on Mr Senior's affidavit and the activities described therein. I do not think I need summarise these comments other than to say it is Mr MacDonald's contention that Mr Senior has misappropriated the company label and wrongfully retained profits which should have been paid to the company. Furthermore he alleges that Mr Senior has been attempting to remove the telephone number of the company's registered office from public advertisements. He reiterates that the whole purpose of forming the Independent Whisky Company Ltd was to market whisky under the label and that he would never have been interested in the venture at all if the label as re-designed and the name had not been the property of the company. He says that:

“..... the relationship between us broke down because Mr Senior wanted the label for the new company he has subsequently incorporated which has no connection with myself. His new company “Independence Scotland Ltd” reg SC 169070 was incorporated in October 1996 for the purpose of marketing the same whisky under a new label (production IC). The newspaper article in the Evening News of 16 March 1997 (production 17B) deals with Mr Senior's new company's change of label. The

old label referred to in that article is the company's label (production 1B) and the implication is that Mr Senior's new company had until that time been marketing whisky using the label of Independence Whisky Co Ltd.

5 I understand that when forming his new company Mr Senior again sought to use the services of Peter Trainer but that Mr Trainer declined because of the difficulties we had had with Mr Senior previously.

10 It is not true that Mr Senior has had no further dealings with me since the end of April 1996. He telephoned me on 11 May to arrange a meeting to discuss the impasse between us. On 16 May 1997 we met at the Sheraton Hotel, Edinburgh and he asked me what my position was with regard to the company we had formed together, namely, Independence Whisky Co Ltd. I proposed to him that if he wished he could buy me out and I would not oppose the application for registration of the Trade Mark
15 which would then proceed in his name solely. He agreed to consider the proposal with the comment that he did not consider the company to be worth very much."

The second declaration is dated 31 October 1997 and comes from Alexander M McLeish, a partner in the firm of Charles Burrows & Co who act for Mr MacDonald in accounting and
20 taxation affairs. Mr McLeish's declaration deals with the circumstances surrounding the preparation and filing of the accounts of the Independence Whisky Co Ltd and the division of various expenses between Mr Senior and Mr MacDonald and his wife. I find this material to be of tangential relevance only in dealing with the issue before me. Accordingly I do not consider I need offer a summary of this declaration.

25 The third declaration is dated 3 November 1997 and comes from Victor Zaccardelli, the proprietor of the Piazza open-air restaurant in Edinburgh. He has known Mr MacDonald for many years as Chairman of the Business Association of Tollcross, Edinburgh and also as a business associate. He says that Mr MacDonald informed him about his proposed business
30 relationship with Mr Senior. Again I do not propose to summarise this material. The main point I draw from Mr Zaccardelli's declaration is the view he formed that Mr Senior and Mr MacDonald were equal partners in the new company and that the label in its new form was shared by them in the name of the company.

35 Opponent's evidence in reply (Rule 13(6))

Mr Senior filed three further affidavits, all dated 3 February 1998, in response to each of the
40 aforementioned declarations in support of Mr MacDonald's position. There is a great deal of detail in these affidavits which is not central to the issue before me. I also see no need to record material relating to the character of the parties and speculation as to why they have taken up their respective positions.

In relation to Mr MacDonald's declaration Mr Senior:

45 - comments on the reasons for the re-design of the label. He says that Mr MacDonald's only contribution was the suggestion to include the company

registration number. He adds that “this inclusion was never intended by me to reflect that the company owned the label, and neither would this automatically be implied, since it is perfectly legitimate for an individual to licence the right to use a trade mark to a company”.

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- says that he had one meeting with Mr Peter Trainer but felt he “was being manipulated to attribute the trade mark to the limited company which I did not want to do”. He says that he was not consulted about the arrangements for registering the trade mark.
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- comments on the sale of remaining stocks of INDEPENDENCE whisky under the original label and his efforts to fulfil his duties towards the company. He counterclaims that Mr MacDonald did not contribute to the promotion of INDEPENDENCE whisky.
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- responds to various other points made by Mr MacDonald.

In response to Mr McLeish’s declaration Mr Senior lists expenditure he incurred on behalf of the company and again claims that Mr MacDonald’s contribution to the running of the business was negligible.

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In response to Mr Zaccardelli’s declaration he refers to bad feeling between them as a result of past business transactions and suggests that this was why he was chosen as a “character witness”.

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That completes my review of the evidence.

This is an unusual opposition in that the opponent is one of the joint applicants. The dispute centres on the circumstances surrounding Mr MacDonald and Mr Senior’s plans for a business venture which got underway in 1995. A number of key facts do not appear to be in dispute so I think it will be worth setting down this common ground before moving on to the more contentious areas of the case. The evidence establishes that

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- Mr Senior had been using the mark INDEPENDENCE as part of a label since 1991. He claims to have sold some 4,800 bottles of whisky under the mark since that date
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- in March 1995 Mr Senior met Mr MacDonald and agreed to set up a company, the Independence Whisky Company Limited. The company was incorporated on 25 April 1995 by Peter Trainer Company Services with the parties having equal shares and with both as directors
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- the original INDEPENDENCE label was re-designed. There is a dispute over the extent. I will comment on this later
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- the trade mark application was filed on 22 August 1995 on instructions from Peter Trainer to his London agents, Eurolife Company Services Ltd.

5 There is a conflict of evidence over the role of the company that the parties jointly set up and ownership of the underlying trade mark. Mr MacDonald believed that the trade mark application was to be in joint names (because at the time this was first raised the company had yet to be incorporated). Mr Senior regarded the trade mark as his property and did not want it applied for in the name of the company or in joint names. Both parties recollect meetings at which the issue was discussed and that those meetings involved Mr Peter Trainer 10 but no records of those meetings have been filed in evidence. I note that Mr MacDonald refers to an “affidavit by Peter Trainer” but again it does not form part of the evidence in these proceedings though there was a letter from Mr Trainer attached to Mr MacDonald’s counterstatement. In any event Mr Senior alleges that “Mr Trainer is a friend and client of Mr MacDonald’s newspaper, Tollcross News and had been advertising in that paper for a 15 considerable time prior to my meeting with Mr MacDonald.” I do not think I should give undue weight to such comments but certainly in the absence of formal evidence from the only other person (that is to say Mr Trainer) who appears to have been party to the discussions in early 1995 I must make the best I can of the information that has been made available.

20 It is clear from the evidence that Mr Senior had an existing trade involving the sale of whisky under the INDEPENDENCE label. Some 4,800 labels are said to have been sold. No doubt this is a modest level of business judged by the standards of larger commercial organisations in this area of business but I think it must point to Mr Senior having some goodwill in and reputation under the mark. At several points in the evidence reference is made to the purpose 25 of the company (that is the Independence Whisky Company Ltd) being to market whisky under the INDEPENDENCE label. It seems likely, therefore, that the business venture entered into in 1995 was an attempt to gain a wider market for a mark that was to an extent already established (without better documentation and information on sales outlets etc it is difficult to gauge the precise extent of the existing market). As a general principle it seems to 30 me that establishing a jointly owned company to market goods does not carry the automatic consequence that any pre-existing trade mark rights will necessarily be transferred to and reside in that company (or indeed the name of the joint owners of that company). On the contrary the presumption must be that the existing trade mark proprietor, Mr Senior in this case, will continue to be sole owner unless positive steps are taken to the contrary. On the 35 face of it, having established a sales base and goodwill in the mark over the preceding four years, it seems unlikely that Mr Senior would knowingly transfer this interest to a company in which he was only a part owner in the absence of some consideration reflecting his past use. In the absence of clear evidence to the contrary I am not persuaded that Mr Senior intended the mark to be jointly owned with Mr MacDonald.

40 It is also said that, following the initial trade mark filing by Europe Company Services Ltd, Mr MacDonald’s name and address appeared as the address for service in relation to the application. Mr Senior only appears to have become aware that the application had been made in joint names when conducting a search on the name INDEPENDENCE for the 45 purposes of setting up his new company (this was after the breakdown of his business relationship with Mr MacDonald). I suspect that some of these problems arose out of

misunderstandings or lack of familiarity with trade mark law and practice. I have, however, come to the view that the application should not have been made in joint names in the absence of a clear indication by Mr Senior that he intended to relinquish his established claim to sole ownership of the mark.

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In coming to the above view I have not commented on Mr MacDonald's claim that the original mark had been re-designed. As the nature and extent of any re-design could potentially impact on the matter I will offer a few observations. Mr MacDonald, in his declaration says he told Mr Senior when they discussed the matter, that "the label was of central importance to the project. I informed him that, in my opinion, the label that he had been using would require to be altered drastically for the new company's product and that it would require to be specific to the company" (my emphasis). He does however concede that the new label would be based on Mr Senior's original label with the following important changes which are itemised as follows:

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- "a) that the lion rampant in the bottom right corner of the label should be altered from yellow to red as in the Scottish Standard.
- b) that the product should be described as "Special Reserve Scotch Whisky" to emphasise the distinctive quality of the product.
- c) That the wording "bottled for Gordon Morrison & Co. Edinburgh" be replaced by "Blended and bottled by Gordon Morrison & Co. for Independence Whisky Co. Edinburgh, Scotland, Reg. 157651" to reflect that the product and label belonged to the Company we were about to incorporate."

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Attached at Annex A is a copy of the exhibit supplied by Mr MacDonald showing

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- A - the original label
- B - the re-designed label
- C - a further re-design by Mr Senior for his new company (this latter is not relevant to the point at issue).

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In common with label marks generally many elements go to make up the whole. I have no doubt, however, that the essential elements by which the mark will be known is the word INDEPENDENCE and perhaps to a somewhat lesser extent the words RISE NOW AND BE A NATION AGAIN along with the device of the flag. The changes that Mr MacDonald points to are either of a non trade mark character or are of marginal significance when considering the overall impact of the mark. The point I draw from this is that the mark in its essential characteristics is the mark Mr Senior had been using since 1991. Nothing, therefore, in the so-called re-design casts doubt on Mr Senior's claim to sole proprietorship of the mark applied for.

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In conclusion, therefore, I consider that Mr MacDonald and Mr Senior's decision to jointly establish a company in 1995 to expand the marketing of whisky under the INDEPENDENCE label is a separate issue from the ownership of pre-existing trade mark rights. In the absence of express agreement from Mr Senior the application should not have been filed in joint
5 names. It follows that I do not need to consider the parties' claims and counterclaims regarding their contributions (financial or otherwise) to the company and various accounting issues arising therefrom. Such matters go well beyond the scope of the opposition proceedings.

10 Mr Senior, the opponent, has been successful in these proceedings. At various points he has asked for the consequence of these to be either refusal of the application or deletion of Mr MacDonald's name (so that it would stand in Mr Senior's sole name). I have not been pointed to any basis in law whereby I can effect a change of ownership of the mark on the
15 basis of a successful opposition. It follows that the only course open to me is to refuse the application.

Neither side appears to have asked for an award of costs when filing their statement of grounds and counterstatement respectively. I do not see that this precludes me from making an award to the successful party based on the Registrar's published scale of costs. I,
20 therefore, order Mr MacDonald to pay Mr Senior the sum of £635 as a contribution towards his costs.

Dated this 9th day of July 1998

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M REYNOLDS
For the Registrar
the Comptroller General

